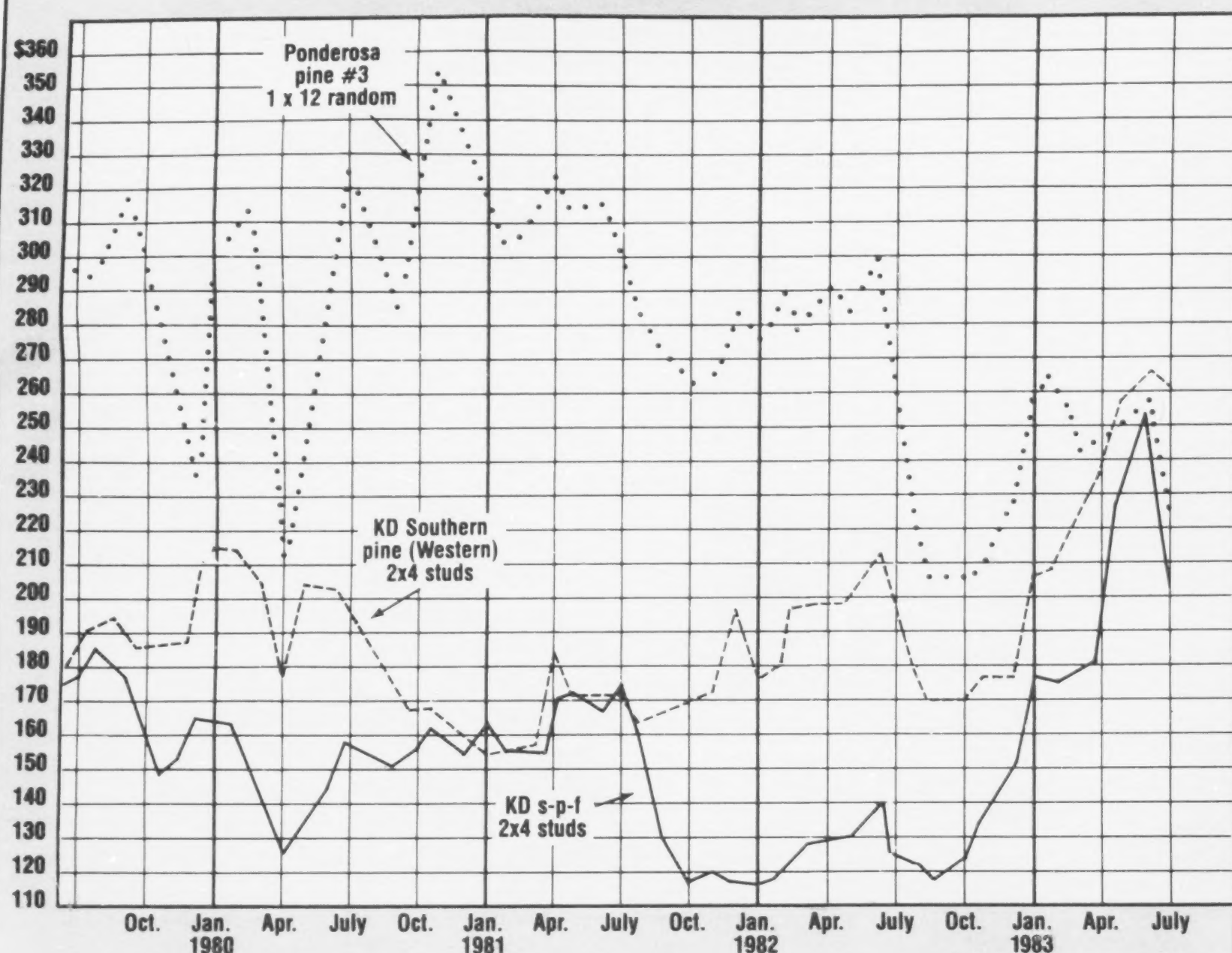


Commodity close-up: Studs & boards

Average monthly mill prices



After a dramatic rise fueled by the strong home building market earlier this year, prices dropped toward the end of July and during the beginning of August because of uncertainty about the upward movement of interest rates.

Ponderosa #3 1 x 12 dropped from \$258 per thousand board feet to \$225 per thousand board feet between June and July. KD s-p-f studs dropped to \$204 per thousand board feet from \$255 during the same period. Southern pine studs were off only \$4 to \$262 per thousand board feet in July.

FUTURES

Two weeks ended Aug. 19, 1983

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; \$ per 1,000 bd. ft.							
Sept.	178.90	161.30	161.80	173.50	3,237	240.40	161.30
Nov.	190.50	174.50	175.50	185.10	3,942	229.90	168.00
Jan. '84	200.20	181.70	137.00	194.20	1,191	234.00	179.00
March	213.20	192.00	197.20	204.30	354	240.50	192.00
May	221.50	200.40	206.50	211.60	142	245.50	200.40
July	229.50	210.00	219.00	225.00	39	252.50	210.00
Sept.	235.80	218.00	227.00	23.90	18	235.80	218.00

Total Volume (Through 8/19): 35,850 Previous Two Weeks: 33,912
Total Open Interest (As of 8/18): 8,923 Previous Week: 8,625
Cash Price: \$163.66 Previous Week: \$161.70 Year Ago: \$133.28

PLYWOOD (CBT)—76,032 sq. ft. 1/2-in. ext. 4/5-ply; \$ per 1,000 sq. ft.							
Sept.	185.30	173.10	174.30	181.50	751	223.90	173.10
Nov.	188.80	177.20	178.00	184.30	337	226.60	177.20
Jan. '84	91.20	179.70	180.60	186.30	94	223.00	179.70
March	194.50	183.00	184.80	189.70	176	225.00	183.00
May	No Trading						
July	No Trading						

Total Volume (Through 8/19): 1,918 Previous Two Weeks: 1,350
Total Open Interest (As of 8/18): 1,358 Previous Week: 1,307
Cash Price: \$178.36 Previous Week: \$181.30

COMMODITY RESEARCH BUREAU INDEX:	This Week	Previous Week	Year Ago
	272.9	274.5	233.5

CME—Chicago Mercantile Exchange

CBT—Chicago Board of Trade

*Figures for Thursday, Aug. 18.

Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Futures prices, like cash prices, have been depressed as a result of rising interest rates. While both lumber and plywood rallied somewhat, plywood remains at a discount to cash, creating pressure on cash prices.

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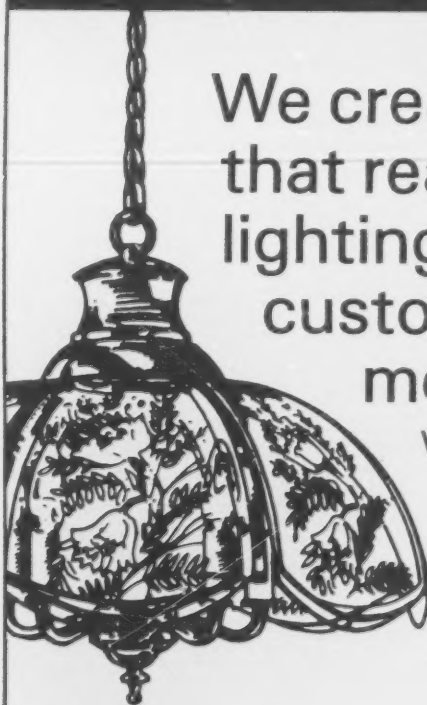
Cologne Fair accent on building supplies

COLOGNE, West Germany —Building supplies will step into the limelight at the International Hardware Fair, to be held here from Feb. 29 to March 3, 1984. This new emphasis is reflected in the fair's extended subtitle, "Tools, locks & fittings, building and DIY supplies."

Nearly 2,000 hardware and building materials exhibitors from 35 countries are expected. Fair organizers point to a survey conducted at last year's International Hardware Fair to underline the importance of the Cologne show. According to that 1983 survey, about 45% of all visitors come from the wholesale trade and buying groups, department stores, mail-order houses and hypermarkets. Almost 20% are from building and DIY markets, the building supplies and timber trades. Approximately 80% of respondents questioned from the building and DIY markets and 60% of buyers from the timber and building supplies trades are regular visitors.

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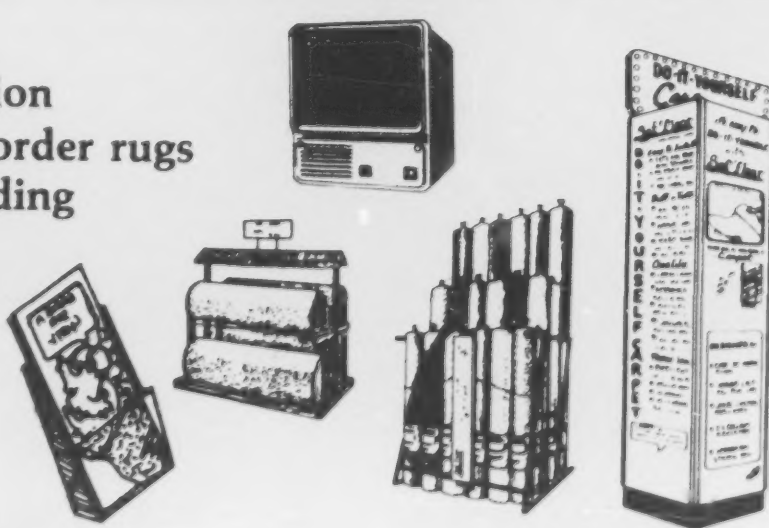
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National Home Center News

Vol. 9, No. 20

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September 26, 1983



Channel truck convoy on the Capital Beltway heralded arrival of the chain's first Washington-area stores in Alexandria and Fairfax, Va. Exterior signing boldly proclaims Channel's new "warehouse prices" strategy as the W. R. Grace-owned chain attempts to gain market share at the expense of hometown Hechinger.

Channel hits D.C. with first 2 stores, warehouse prices

By Kenneth Schept
NHCN senior editor

WASHINGTON—After several years of preparation and delay, Channel Home Centers opened its first two stores in the Washington market on Sept. 1, just days before Hechinger opened its 20th.

Banners across the store fronts of the 45,000-sq.-ft. Alexandria and 55,000-sq.-ft. Fairfax, Va., Channels proclaimed "warehouse prices," a new strategy that the 97-unit chain adopted to spar with hometown Hechinger.

Besides using sharp pricing, Channel expects to gain market share with interceptor locations because, in this sprawling metropolitan area of 1.2 million households with median incomes of \$30,108, convenience may prove to be a strong advantage.

tage.

Service is also part of Channel's strategy. Free coffee is offered to customers during the prime DIY shopping hours of Saturday morning. In addition, Channel's "Wally Barnett" and "Cappy Girl" customer assistance programs will be stressed.

The New Jersey-based chain plans to open two more Washington-area stores by the end of this month in New Carrollton and Forestville, Md. Four or five units will open in the market next year, according to senior vp Charles Tabak. He said the company, which is now negotiating three leases and looking at additional sites, would ultimately open up to 20 stores near Washington and Baltimore.

(Continued on page 8)

Central transforming 4 Indy units to warehouse format

INDIANAPOLIS—Central Hardware officials have confirmed that the 29-unit St. Louis chain has begun retrofitting its four stores here into warehouse-style home centers.

In addition, when Central opens its fifth Indianapolis store next March, it, too, will be a retail warehouse outlet.

The project is being supervised by plumbing and electricals buyer Bob Ligon, NHCN has learned. Ligon would not comment about its initial progress. One company source, who asked not to be identified, said that Central was renovating its stores in the north and south sides of the city first, with the east and west units to follow. Completion of the remodeling is

scheduled for sometime in late November, he said. Company president Jim Cohen also declined to comment about Central's plans, except to say that more detailed information would be forthcoming "in about 30 days." When asked whether the Interco-owned company intended to make all its stores warehouse

operations, Cohen responded, "No, we have no plans to convert the entire chain."

Central's actions in Indianapolis represent a bold move by a company whose growth over the past three years, when compared with some of its competitors, has been conservative. The company, with 25 stores in fiscal 1980, opened two units

in Columbus, Ohio, and two in Memphis, Tenn., while replacing one of its older stores in St. Louis with a new facility, all in 1981, according to Interco's annual report that year.

During that period, Central also expanded its distribution center and announced plans to open two units in Kansas City in

(Continued on page 50)



Heated competition for shelf space is expected among new varieties of silicone caulking and standard acrylic lines.

NHCN photo

Silicones chip away at acrylics market edge

NATIONAL REPORT—The price of silicone caulking has fallen dramatically at home centers, and buyers now expect a battle to heat up between silicone and acrylic varieties.

The expiration of major silicone patents over a year ago has led to the emergence of new vendors and the resulting competition has brought about plummeting prices.

"During the past six months, prices of silicone caulking have dropped from 20% to 30%," said David Matthews, vp of retail operations for the southern division of Hill-Behan Lumber, St. Louis. Most of this reduction has been translated into reduced shelf price.

(Continued on page 13)

Cotter's new distribution facility to serve nonmembers, test UPC

By John Caulfield
NHCN associate editor

MINNEAPOLIS—Cotter & Co. is slated to open a 60,000-sq.-ft. warehouse here called "Dealer's Supply" next month which will sell to local retailers not affiliated with the 7,000-member co-op wholesaler.

Those dealers interested in purchasing merchandise from Dealer's Supply will need to be on file with the new facility, and have an identification card bearing the buyer's picture before a sale is transacted. Cotter will issue a promotional mailing about the new operation to more than 2,000 dealers within a 70- to 100-mile radius of the unit, officials said.

The Chicago-based Cotter, with 1982 sales of \$1.4 billion will use the warehouse to experiment with Uniform Product Code stickers on an estimated 17,000 sku's to be carried. The company has worked in conjunction with the Uniform Product Code Council in Dayton, Ohio, to develop the bar codes for products stocked

in the warehouse, which will be operated from a building previously owned by Cotter's retail chain, Warner True Value of Shakopee, Minn. The building has been dormant for three years.

By the end of this month, 50% of the merchandise carried in this warehouse will have bar

codes provided by manufacturers, increasing to over 75% in the first quarter of 1984, with Cotter applying bar codes on the other products, company officials said.

"Our goal is to have 100% of the products sold out of the unit with vendor-generated bar

(Continued on page 50)

NEWSBREAKS

B&B EXPANSION. Eclipse Industries is scheduled to open its sixth B&B Home Supply store in St. Louis, and seventh overall, on Sept. 29. The leased site, formerly a national supermarket, will operate as a 30,000-sq.-ft. warehouse-style home center.

WOODS FILES WITH S.E.C. Denver-based Hugh M. Woods filed notice with the Securities and Exchange Commission Aug. 5, NHCN has learned, in an initial step to facilitate a prompt public offering, if desired. However, company president Randy Woods said, "our inclination is to stay private," for the foreseeable future.

INSIDE:

HOME CENTERS OF AMERICA launched two new Home-Pro stores in Texas over the Labor Day weekend Page 2
HECHINGER OFFICIALS unveiled a recapitalization plan aimed at protecting family shareholder voting power . . . Page 3
A NEW STUDY shows warehouse home centers infringing on lumber/building material outlets' share of the DIY market Page 4

NHCNews Briefs

Industry Update

Grossman's 2nd warehouse

STOCKTON, Calif.—Grossman's second warehouse-format building materials store has opened in this 160,000-population city 45 miles south of Sacramento.

The Aug. 31 opening of the Grossman's Building Materials Warehouse came less than four months after the chain's Ventura, Calif., warehouse opening (NHCN, June 6).

The Stockton facility is approximately 20,000 sq. ft., including an enclosed yard. It is located near Interstate 99, about four miles east of a Payless Cashways' Lumberjack store which opened last Sept. 15. Grossman's low-margin, high-volume format is expected to be similar to Lumberjack's. Other Stockton competitors include 84 Lumber, Orchard Supply, Diamond International and Wickes Lumber. An Ole's Home Improvement Center here closed last winter.

The Stockton Grossman's warehouse is a remodeled, five-year-old Grossman's unit which closed for about a month during the remerchandising.

Sutherland opens 84,000' unit

WEST CARROLLTON, Ohio—Sutherland Lumber announced a Sept. 18 opening for an 84,000-sq.-ft. store in this Dayton suburb.

The new unit is the largest in the chain, which has never operated a store larger than 55,000 sq. ft., and which typically operates units of 30,000 sq. ft.

Craig Sutherland, a partner with the company, said the new store will display large quantities of merchandise, including lumber, under a single roof. However, he said warehouse stacking displays, common to The Home Depot and other warehouse retail operations, would not be employed. Rather, gondolas will be low enough to allow clear views of the whole store, which will be in an L shape.

Sutherland may add a separate warehouse at a later date to the new store, which is located on 10 acres of land about four miles from the center of Dayton. The building is a retrofitted NCR headquarters which was formerly a super-market.

The new store is part of a Sutherland plan to aggressively expand in current markets (NHCN, May 23). Sutherland plans to have 92 stores by the end of 1984.

Scotty's rolls with recovery

WINTER HAVEN, Fla.—Scotty's continues to roll along with the nation's recovery, posting a 30% sales increase to \$29.7 million for the four weeks ended Aug. 27.

Revenue for the two month stretch ending the same day was 29% over 1982 to total \$59.3 million. The company releases its earnings figures on a quarterly basis only.

Company president Ray Cooney stated that nearly two-thirds of the sales gains realized by Scotty's came from its professional builder business. He added, that, despite heightening retail competition in its markets, Scotty's earnings per share would be "comparable" with its sales growth this year.

Lumberjack hosts deck seminars

SACRAMENTO, Calif.—Each of 10 Lumberjack stores attracted from 75 to 80 customers for deck building seminars, held on four consecutive Saturday mornings and culminating in completed decks over Labor Day weekend.

Instructors from the Owner Builder School, Sacramento, helped customers construct the 10- by 20-ft. decks at each store (NHCN, July 4).

Each store spent about \$250 on a public address system and \$100 for nails and miscellaneous materials for its seminar. The Owner Builder School provided complimentary instructors, while a lumber vendor contributed wood, in exchange for resulting publicity.

Vendors also provided advertising support for the event.



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Vol. 9, No. 20

September 26, 1983

Home-Pro debuts two new stores; first store's sales skyrocketing

By Kenneth Schept
NHCN senior editor

SAN ANTONIO—Home Centers of America opened its third and fourth Home-Pro stores over the Labor Day weekend, in San Antonio and Corpus Christi.

During their first five days of operation the units averaged a daily volume of about \$60,000 and \$90,000, respectively, according to Frank Denny, chairman.

Both stores are in former Woolcos. The San Antonio store is 63,000 sq. ft.; the Corpus Christi unit is 77,000 sq. ft. Denny said the lesser volume of the San Antonio store resulted from its smaller size plus its location in the older section of a city that already has two Home-Pro outlets.

"We don't expect that store to do as well long term," Denny said, "Maybe \$10 million to \$12

million this year."

However, Denny noted that the first Home-Pro, which opened Memorial Day, is "doing



way beyond our expectations, averaging \$1.3 million to \$1.4 million per month. Its first three months of operation would be right at \$4 million.

"We expected it to be a little stronger," he added. "But we didn't expect it to be this strong."

The second Home-Pro unit, which opened in San Antonio during the Fourth of July week-

end, is averaging about \$1 million per month, according to Denny.

"We are accelerating our expansion plans," he said. "There's really nothing prohibiting us from going. We've seen what we can do. We are now where we said we'd be next February (in number of stores opened). We're not limiting ourselves to the Sunbelt. We're working on six to eight locations right now."

Future stores will be somewhat different from the original outlets, which have already changed in some ways as refinements have been made.

"The main thing we found out is that this is not a store where people come to buy just one item. The things that you see at a home center, like cut lumber, people just don't buy that here."

"We've eliminated short sizes (Continued on page 49)

Westlake opens units in new markets

MOBERLY, Mo.—Westlake Hardware launched the most aggressive expansion campaign in its 78-year history over the Labor Day weekend when it opened three new stores in Omaha and two in Oklahoma City.

The five store expansion, which takes the \$35 million company out of its home market for the first time and increases its size to 24 stores, is the first installment of a plan to open two or three new stores annually compared to one or two previously (NHCN, June 6).

Major give-aways at each of the five stores included a Pennzoil Mini Indy 500 race car, with an estimated retail value of over \$800, and a Black & Decker

Win-a-Workshop, with a retail value of \$400. Westlake negotiated deals with each manufacturer for the products.

Radio station KOIL provided a "triple remote" broadcast from all three of the new Omaha stores, lasting three hours for each of the three days of the grand opening.

"Our original plan was to have three radio stations do remotes separately from each of the three stores," said sales promotion manager Dale Sosniecki. However, this plan was

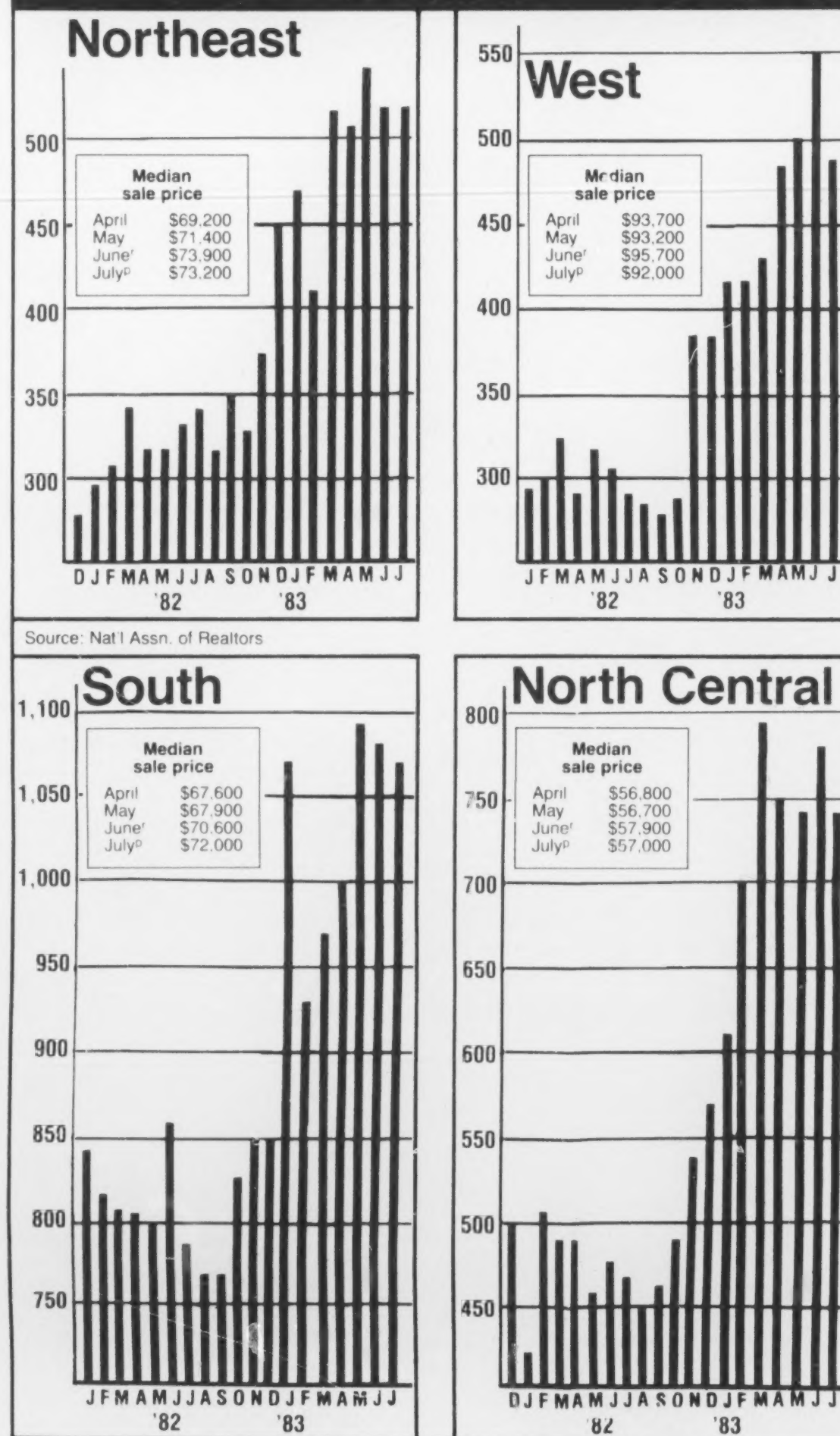
scrapped since only two Omaha stations offer remote broadcast services, and one of them does not have a high audience rating.

Station KOIL, ordinarily the fourth-ranked station in the Omaha market, enjoys a No. 2 ranking for its "golden oldies weekends," one of which coincided with the Westlake openings.

Westlake distributed 100,000 copies of eight-page color tabs in morning and afternoon editions of Oklahoma City metro-

(Continued on page 49)

Existing single-family home sales (in thousands)



Existing home sales dropped 4.4% in July to a seasonally adjusted rate of 2.81 million, the first downward movement in resales since February, according to the National Assn. of Realtors. Resales were off most sharply, 10.9% in the West. The national rate was still 47% ahead of July 1982, however, and the average price of an existing home climbed slightly to \$71,600, 3.5% over last year.

Stanley, Moss suing each other over tape rights

MIAMI—The Stanley Works has filed suit against Moss Manufacturing alleging trademark infringement of the case design of its "Power lock" measuring tape.

Moss, which is marketing a product called "The Moss Tape Measure," was scheduled to file an antitrust counterclaim against Stanley the last week of August charging "sham litigation," "interference with business relations," and "abuse of legal process," according to its president, Monroe Zalkin.

"We will vigorously defend our right to market our product, and fully expect to prevail in court," said Zalkin. "Our product violates no patent or trademark laws."

The suit filed by Stanley in U.S. District Court for the southern district of Florida claims that Moss's distribution and sale of its tape measure is an infringement of Stanley's Federal and common law trademark for the design of the Powerlock rulex.

It comes on the heels of a similar action filed in June against a California wholesaler and importer for distributing and selling a "Standard Knoblock" rule Stanley officials alleged copied the Powerlock's casing and labeling (NHCN, July 18).

And last year, the New Britain, Conn., manufacturer obtained a consent judgment against a Michigan wholesaler charged with infringement of Stanley's Powerlock trademarks.

"It's very necessary for us to (Continued on page 50)